

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02
OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-01
NSC-05 SS-15 STR-04 CEA-01 PA-01 PRS-01 EUR-12 /117 W
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R 240717Z JAN 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5189

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USADB

PASS TREASURY FOR ZINMAN

E.O. 11652: ADS, DECLAS 6/27/77

TAGS: EAID, EFIN

SUBJECT: ADF: MEASURES TO PERMIT IMPLEMENTATION OF 1977
CONGRESSIONAL LENDING PROGRAM

REF: (A) 76 MANILA 19906, (B) STATE 010958

SUMMARY: ADB PRESIDENT CONVENED SECOND MEETING OF DONOR
COUNTRY DIRECTORS TO DISCUSS ADF REPLENISHMENT. THERE
WERE TWO MAIN PURPOSES OF MEETING: (1) TO RECEIPT REPORT
ON U.S. INTENTIONS REGARDING ITS PARTICIPATION IN REPLENISH-
MENT AND (2) TO GET UPDATE FROM OTHER DONOR COUNTRY DIRECTORS
ON THEIR GOVERNMENTS' VIEWS ON POSSIBLE MEASURES PROPOSED
AT PREVIOUS MEETING (REPORTED REFTEL A) FOR DONOR COUNTRIES
OTHER THAN UNITED STATES TO CONSIDER RELASING SECOND
INSTALLMENTS OF THEIR CONTRIBUTIONS WITHOUT WAITING FOR
U.S. PARTICIPATION. AS OTHER DONOR COUNTRIES ARE AS YET
UNPREPARED TO COMMIT THEMSELVES, IT WAS AGREED THAT
MANAGEMENT WOULD SEEK TO OBTAIN CONSENSUS BEFORE
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BEFORE RECONVENING GROUP, HAVING IN MIND DESIRE TO OBTAIN
APPROVAL OF BOARD OF GOVERNORS, IF RESOLUTION IS
REQUIRED, NOT LATER THAN UPCOMING ANNUAL MEETING.

END SUMMARY.

1. ON JANUARY 21, ADB PRESIDENT CALLED SECOND MEETING

OF DONOR COUNTRY DIRECTORS AS FOLLOW-UP TO INITIAL MEETING LAST DECEMBER 22 ON POSSIBLE MEASURES TO PERMIT IMPLEMENTATION OF 1977 CONCESSIONAL LENDING PROGRAM, IN LIGHT OF AVAILABILITY OF ONLY SMALL AMOUNT OF UNCOMMITTED SPECIAL FUNDS RESOURCES AT THIS TIME. PURPOSE OF SECOND MEETING WAS TO ASCERTAIN U.S. INTENTIONS REGARDING PARTICIPATION IN ADB REPLENISHMENT AND TO ELICIT FROM OTHER DONOR DIRECTORS WHETHER AND ON WHAT BASIS THEIR GOVERNMENT WERE PREPARED AT THIS TIME TO AGREE TO RELEASE OF THEIR SECOND INSTALLMENTS TO REPLENISHMENT WITHOUT WAITING FOR U.S. PAYMENT OF FIRST INSTALLMENT. (AT PREVIOUS MEETING, BANK MANAGEMENT HAD PROPOSED THREE ALTERNATIVES WAYS IN WHICH RELEASES COULD OCCUR: (A) BY UNILATERAL ACTION BY EACH INDIVIDUAL CONTRIBUTOR, (B) BY MULTILATERAL ACTION OF MOST CONTRIBUTORS TO RELEASE JOINTLY, OR (C) BY FORMAL ACTION OF BOARD OF GOVERNORS TO MODIFY REPLENISHMENT ARRANGEMENTS BY REDUCING TRIGGER FIGURE FOR RELEASE OF SECOND INSTALLMENTS. MANAGEMENT ITSELF FAVORED METHOD (C) AS MOST APPROPRIATE AND EFFECTIVE OF THREE POSSIBILITIES.)

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INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
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2. AT SECOND MEETING, U.S. ALTERNATE DIRECTOR, AS AGREED PREVIOUSLY WITH ADB PRESIDENT AND VICE PRESIDENT, INFORMED DONOR COUNTRY DIRECTORS OF STATUS OF U.S.

PARTICIPATION IN ADB AS REPORTED REF B. (INFORMATION GIVEN TO DEVELOPING COUNTRY DIRECTORS BY MEMORANDUM AT ABOUT SAME TIME.)

3. THIS WAS FOLLOWED BY STATEMENT FROM JAPANESE DIRECTOR, WHO HAD BEEN UNABLE TO COMMENT ON HIS GOVERNMENT'S VIEWS AT FIRST MEETING. ON UNOFFICIAL BASIS, HE INDICATED JAPAN PREFERRED REDUCING TRIGGER FIGURE FOR RELEASE OF SECOND INSTALLMENTS; WOULD CONSIDER MULTILATERAL APPROACH AS SECOND CHOICE; AND WAS OPPOSED TO UNILATERAL APPROACH AT THIS TIME. (BY IMPLICATION, IT APPEARED THAT JAPAN WAS PREPARED TO GO ALONG WITH CONSENSUS.)

4. OTHER DIRECTORS GENERALLY WERE UNABLE TO ELABORATE ON VIEWS THEY HAD EXPRESSED AT FIRST MEETING REGARDING LIMITED OFFICIAL USE

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SECOND INSTALLMENTS. HOWEVER, FRENCH DIRECTOR DID INDICATE THAT BELGIUM PREFERRED REDUCING TRIGGER FIGURE. NEW ZEALAND ALTERNATE DIRECTOR, WHO WAS NOT PRESENT AT FIRST MEETING, NOTED THAT HIS GOVERNMENT HAS NOT YET DECIDED WHETHER OR NOT IT WILL CONTRIBUTE AT ALL TO REPLENISHMENT. HE INDICATED THAT DECISION WAS POSSIBLE BEFORE END-MARCH.

5. GENERAL COUNSEL REPEATED HIS PREVIOUS REMARK THAT REDUCTION OF TRIGGER FIGURE WAS MOST SIMPLE PROCEDURE TO FOLLOW. HE STRONGLY SUGGESTED THAT ANY PROPOSAL REQUIRING APPROVAL OF GOVERNORS (SUCH AS REDUCTION IN TRIGGER FIGURE) BE READY FOR THEIR ACTION NOT LATER THAN TIME OF APRIL 21-23 ANNUAL MEETING. IN THIS EVENT, IT WOULD BE NECESSARY FOR MANAGEMENT TO GET DOCUMENT TO BOARD OF DIRECTORS AS EARLY IN MARCH AS POSSIBLE AND NOT LATER THAN MID-MARCH. HE ALSO INDICATED POSSIBILITY THAT DIRECTORS MIGHT BE ASKED TO CONSIDER PROPOSAL IN LESS THAN STANDARD THREE-WEEK PERIOD. HE NOTED THAT OPINIONS WERE STILL NEEDED FROM SEVERAL KEY COUNTRY (PARTICULARLY GERMANY AND U.S.K.) ON WHETHER THEY WOULD BE WILLING TO RELEASE SECOND INSTALLMENTS AND ALSO ON WHICH PROCEDURE AGREEMENT COULD BE REACHED. CANADIAN DIRECTOR ASKED FOR AND WAS PROMISED PAPER GIVING PROS AND CONS OF REDUCED TRIGGER FIGURE VERSUS ADVANCE JOINT RELEASE.

6. AT CONCLUSION OF MEETING, PRESIDENT SAID HE WOULD CALL ON HIS SPECIAL ADVISOR SIR JOHN CHADWICK TO USE HIS BEST EFFORTS TO OBTAIN AGREEMENT OF GERMANY AND U.K. TO RELEASE THEIR SECOND INSTALLMENTS. PRESIDENT INDICATED HE WOULD HAVE TO CONSIDER SUBSEQUENTLY WHEN

TO RECONVENE GROUP.
SULLIVAN

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Disposition Date: 22 May 2009
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